

Message Text

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PAGE 01 ISLAMA 04484 040819Z
ACTION XMB-04

INFO OCT-01 NEA-10 ISO-00 EB-07 /022 W
-----040822Z 122532 /22
R 040553Z MAY 77
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 1366
INFO AMCONSUL LAHORE

C O N F I D E N T I A L ISLAMABAD 4484

E.O. 11652: GDS
TAGS: BPRO, PK
SUBJECT: PROPOSED EXIM BANK FINANCING OF CONSTRUCTION EQUIPMENT

REF: STATE 92241

1. CONGEN LAHORE HAS PROVIDED THE FOLLOWING DESCRIPTION OF
MECHANIZED CONSTRUCTION OF PAKISTAN, LIMITED, AS REQUESTED
REFTEL.

2. QUOTE: MECHANIZED CONSTRUCTION OF PAKISTAN, LIMITED (MCP),
CAME INTO EXISTENCE IN SEPTEMBER 1974. PRIOR TO THAT IT WAS
KNOWN AS MACHINERY POOL ORGANIZATION (MPO), A DEPARTMENT OF
WATER AND POWER DEVELOPMENT AUTHORITY (WAPDA), A GOP AGENCY. AS
MPO IT WAS ENTRUSTED WITH SEVERAL WAPDA AID-FINANCED CONSTRUCT-
ION JOBS, PARTICULARLY EXCAVATION OF DRAINAGE CANALS ON SALINITY
CONTROL AND RECLAMATION PROJECTS. MPO ALSO DID WORK FOR WAPDA ON
INDUS BASIN PROJECTS FINANCED FROM INDUS BASIN FUND MANAGED
BY WORLD BANK TO WHICH U.S. CONTRIBUTED.

3. MCP, SUCCESSOR ORGANIZATION OF MPO, IS AN INDEPENDENT COMM-
ERCIAL ORGANIZATION ESTABLISHED UNDER PAKISTAN COMPANY LAWS WITH
100 PERCENT OWNERSHIP HELD BY PAKISTAN MINISTRY OF WATER AND
POWER. MANAGEMENT IS THROUGH A BOARD OF DIRECTORS HEADED BY
BRIGADIER AIN-UD-DIN, ADDITIONAL SECRETARY, MINISTRY OF WATER
AND POWER, AS CHAIRMAN. COMPANY DOES CIVIL AND MECHANICAL
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ENGINEERING WORK AND BUILDS ROADS, BRIDGES AND DAMS. UNQUOTE.

4. LAST DECEMBER, MCP WON A \$137 MILLION CONTRACT FOR WORK ON
PHASE TWO OF THE KHALIS IRRIGATION PROJECT IN IRAQ. MCP MANAGING
DIRECTOR CONFIRMED TO CONGEN LAHORE THAT THE EQUIPMENT FOR
WHICH EXIM FINANCING IS SOUGHT WOULD BE CONNECTED WITH THIS
PROJECT. HE REFERRED TO EQUIPMENT PURCHASES TOTALING \$30 MILLION,

REQUIRING FINANCING AMOUNTING TO \$15 MILLION. WE ASSUME THT THE \$1.5 MILLION REFERRED TO IN REFTEL WOULD BE THE AMOUNT EXIM MIGHT PICK UP IN THE FORM OF A DIRECT CREDIT.

5. ORDINARILY, WE WOULD STRONGLY RECOMMEND THAT EXIM GIVE FAVORABLE CONSIDERATION TO THESE PROPOSALS. DESPITE PAKISTAN'S DIFFICULT BALANCE OF PAYMENTS SITUATION, THE PROPOSAL IS IN CONNECTION WITH A MAJOR FOREIGN EXCHANGE EARNING PROJECT. IN THE CONTEXT OF THE PRESENT GOP ANTI-AMERICAN CAMPAIGN, HOWEVER, EMBASSY QUESTIONS ON POLITICAL GROUNDS THE APPROPRIATENESS OF A NEW EXIM COMMITMENT AT THIS TIME.
CONSTABLE

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Message Attributes

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Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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